

<u>Time Period</u>	<u>Anticompetitive Activity</u>	<u>Remedy</u>
1981	Lincoln Telephone & Telegraph Co. (LT&T) refuses to interconnect with MCI, LT&T contends interconnection would damage LT&T network	Court affirms FCC ruling requiring LT&T to interconnect with MCI
1986	RBOCs refuse to provide non-discriminatory interconnection to enhanced service providers (ESP's include the forerunners of Internet Service Providers)	FCC requires AT&T to provide non-discriminatory interconnection to ESPs
1992	RBOCs refuse to interconnect with MFS' private line networks	FCC directs RBOCs to interconnect with interested parties

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1993	RBOCs refuse to interconnect with MFS and other competitive access providers (CAPs) for provision of switched transport	FCC directs RBOCs to interconnect with CAPs and long distance companies for switched transport
1996	RBOCs refuse to interconnect with Competitive Local Exchange Carriers (CLECs) desiring to offer local phone service	Telecommunications Act of 1996 requires RBOCs to interconnect with CLECs

IP Equal Access based on CEP is conceptually similar to remedies that have proven effective in analogous situations for more than 80 years. (Continued)

- In each of the listed cases, non-discriminatory interconnection based on the concept of comparably efficient interconnection (or peering), has been a meaningful spur to competition.
- In concept, peering among internet backbone providers is analogous to the listed cases.
- As in each of the listed cases, IP Equal Access based on CEP will help ensure a competitive marketplace continues to develop.

Presentation Summary

The proper remedy for problems created by the MCI-WorldCom merger is a consent decree requiring non-discriminatory interconnection (“IP Equal Access”) with competitors based on comparably efficient peering (“CEP”).

- MCI-WorldCom will have an incentive to interconnect with smaller rivals on terms that are technically or economically discriminatory.
- MCI-WorldCom will have an incentive to restrain innovative Internet services which threaten the merged entity’s existing telephone services.
- Divestiture alone will not eliminate MCI-WorldCom’s incentive to discriminate.
 - MCI-WorldCom will still have an incentive to discriminate against Level 3 and other rivals with smaller market share.
 - MCI-WorldCom will still have an incentive to favor its legacy telephone business over rapid development of Internet services.
 - In fact, a remedy based on divestiture will depend on a policeable requirement for non-discriminatory interconnection between the divested entity and the merged company for a protracted period of time .

Presentation Summary

(Continued)

- A consent decree is the proper remedy.
 - MCI-WorldCom must interconnect with competitors on fair terms.
 - A consent decree based on CEP is policeable by the interconnecting parties.
 - A consent decree by the dominant provider of backbone services will set a valuable precedent for all incumbent providers.